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# NASA Procedural Requirements

**COMPLIANCE IS MANDATORY****NPR 9680.1**Effective Date: October 31,  
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2013[Printable Format \(PDF\)](#)

Request Notification of Change

 (NASA Only)

## **Subject: NASA's Management of Grants and Cooperative Agreements**

**Responsible Office: Office of the Chief Financial Officer**[| TOC](#) | [Preface](#) | [Chapter1](#) | [Chapter2](#) | [Chapter3](#) | [Chapter4](#) | [Chapter5](#) | [AppendixA](#) |  
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## **Appendix D. Instructions to Recipient Organizations**

D.1 This appendix provides the instructions which the recipient organizations need to follow to comply with National Aeronautics and Space Administration (NASA), Department of Health and Human Services Payment Management System (DHHS/PMS), and U.S. Department of Treasury (Treasury) requirements on obtaining advance payments for grants and agreements.

D.2 Method of financing advance payments. The letter of credit method of financing shall be used by NASA for recipient organizations awarded grants or agreements with advance payment provisions when the recipient organization has demonstrated a willingness to maintain procedures that will minimize the time elapsing between the transfer of funds and their disbursement; and the recipient organization's financial management system provides for:

- a. Accurate, current, and complete disclosure of the financial results of each federally sponsored project or program in accordance with the financial reporting requirements.
- b. Effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
- c. Written procedures to minimize the time elapsing between the transfer of funds and the disbursement of funds.
- d. Written procedures for determining if costs are reasonable, allocable, and allowable, in accordance with the provisions of the applicable Federal cost principles and the terms of the contract, grant, or other agreement.
- e. Recipients' financial management systems shall also adhere to:
  - (1) Standards for financial management systems as specified in Office of Management and Budget (OMB) Circular No. A-110 and the "Grant and Cooperative Agreement Handbook" (NASA Procedural Requirement (NPR) 5800.1).
  - (2) Generally Accepted Accounting Principles for financial management and reporting as specified in relevant contract clauses.

D.3 Reimbursement by electronic funds transfer, rather than advance payments, will be used when the recipient's financial management system does not meet the standards for fund control, accountability, and financial reporting or when the recipient is unwilling or unable to meet cash management requirements.

D.4 Financial Reporting Requirements. Recipients are required to submit a Federal Cash Transactions Report (SF 272), and, when applicable, a Continuation Sheet (SF 272A) electronically to the DHHS/PMS. The SF 272 report shall be submitted within 15 working days following the end of each Federal fiscal quarter, i.e., December 31, March 31, June 30, and September 30. One Federal Cash Transactions Report shall be submitted for all grants and contracts financed under a letter of credit arrangement with a Center. A final Federal Cash Transactions Report shall be submitted in paper form within 90 calendar days after the expiration date of a grant or contract. The final SF 272 pertains only to the completed grant or contract and shall include total disbursements from inception through completion. The report shall be marked "Final." Recipients may obtain copies of the Federal Cash Transactions

## Report from the Office of Management and Budget.

D.5 Reporting Interest. Recipients are required to maintain advances of Federal funds in interest bearing accounts, unless: (1) they receive less than \$120,000 in Federal awards per year, (2) the best reasonably available interest bearing account would not be expected to earn in excess of \$250 per year on Federal cash balances, and (3) the depository would require an average or minimum balance so high that it would not be feasible within the expected Federal non-Federal cash resources. Interest earned on advances in interest bearing accounts in excess of \$250 per year shall be remitted annually to the Department of Health and Human Services, Payment Management System, Rockville, MD 20852. Interest amounts up to \$250 per year may be retained by the recipient for administrative expenses. The remittance should be made payable to DHHS and should indicate the recipient organization's Entity Identification Number (EIN) and reason, i.e., "Interest earned."

D.6 Erroneous Withdrawal of Excess Funds. The letter of credit system is designed to make funds available to a recipient organization on the first business day following receipt of a request for funds. Recipient organizations are required to (a) request the minimum amount of funds needed; and (b) schedule such requests so that cash advances coincide with actual, immediate cash requirements. NASA will monitor letter of credit drawdown to ensure that the timing and amount of cash advances are as close as administratively feasible to actual disbursements. Should funds be erroneously drawn in excess of actual needs, one of two actions should be taken: (a) if the request itself was made erroneously, the recipient organization should contact its financial institution and request that the payment be returned; or (b) if the payment has already been deposited or the excess drawdown is only part of the total payment, the recipient organization should promptly remit the excess funds to the Department of Health and Human Services, Payment Management System, Rockville, MD 20852.

D.7 Remittance. The remittance should be made payable to DHHS and should indicate the recipient organization's EIN and reason, i.e., "Excess funds erroneously drawn" DHHS shall report any interest collected on excess Federal funds to the Center and to the Treasury. The only exceptions are when the funds involved:

- a. Funds will be disbursed by the recipient organization within seven (7) calendar days.
- b. Funds are less than \$10,000 and will be disbursed within 30 calendar days.

D.8 Letter of Credit Procedures - Initial Authorization. A Direct Deposit Sign-up form (SF 1199A) and a Contact Information form must be on file before funds may be advanced. The recipient organization shall forward the original forms as soon as practicable, but no later than four (4) weeks prior to implementation, to the Office of the Chief Financial Officer (OCFO) of the cognizant Center or the NASA Shared Services Center (NSSC). An official who is known to the Center or NSSC shall sign the forms. DHHS will accept only forms with original signatures, no facsimile or copies. Upon receipt of the completed SF-1199A form and the Contact Information form, the Center or NSSC will forward notification of the authorization amount and effective date, by a letter of advice, to the recipient organization. Instructions, an account number, and a password will be forwarded to the recipient by the Department of Health and Human Services (see Procedures for Drawing Federal Funds).

D.8.1 Letter of Credit Procedures - Reporting Changes in Recipient Organization Data.

D.8.2 A revised Direct Deposit Sign-up form (SF 1199A) shall be submitted should any of the following occur:

- a. Change or termination of the official(s) authorized to sign the forms;
- b. Change in the name or address of the recipient organization; or
- c. Change in the account or financial institution.

D.8.3 A Contact Information form shall be submitted should any of the following occur:

- a. Change or termination of the official(s) authorized to sign the forms;
- b. Change in the contact names or telephone numbers.

D.8.4 Letter of Credit - Amendments. Amendments are required for funding actions that result in an increase or decrease in the authorized amount of the letter of credit. Amendments to the authorized amount are issued by the cognizant Center OCFO/NSSC. Upon notification that a funding action has been taken, the Center OCFO/NSSC will advise the recipient organization of the amount, whether the total authorization has been increased or decreased, and the effective date of the change.

D.8.5 Letter of Credit - Drawing Federal Funds. Recipient requests for funds are submitted through the PMS system. Requests for funds are processed from a recipient organization's personal computer. The Department of Health and Human Services will provide instructions on using a PMS account number and password.

D.8.6 Letter of Credit - Suspension and Termination. The responsibilities for initiating suspension or termination of advance payments are assigned as follows:

- a. The Center OCFO or NSSC are responsible for initiating suspension or termination of advance payments to grantees and recipients of cooperative agreements in cases involving financial management issues, and shall notify

the Grant Officer promptly of such actions. When the Letter of Credit includes contracts, the Center OCFO or NSSC shall consult with all cognizant Contracting Officers before implementing a suspension or termination of advance financing applicable to contracts.

b. The Grant Officer is responsible for initiating suspension or termination of advance payments to grantees and recipients of cooperative agreements in all other cases - for instance, when the recipient organization has failed to comply with the non-financial terms and conditions of the grant. In such cases, the Grant Officer shall notify the Center OCFO or NSSC and the recipient organization of the Grant Officer determinations to suspend or terminate the advance payment, and the Center OCFO shall take prompt action accordingly.

c. The Contracting Officer is responsible for initiating suspension or termination of advance payments to contractors. To initiate suspension or termination of advance payments, the Contracting Officer shall notify the Center OCFO or NSSC and the contractor of such Contracting Officer determinations, and the Center OCFO or NSSC shall take prompt action accordingly.

D.8.7 Letter of credit payments may be suspended or terminated if the recipient organization has failed to:

- a. Comply with the terms and conditions of the grant or contract, including all reporting requirements.
- b. Comply with financial management system requirements.
- c. Comply with financial reporting requirements.
- d. Comply with cash management requirements.
- e. Make progress adequate for performance of the contract.

D.8.8 Under suspension, the recipient's costs shall be reimbursed until the condition is remedied.

D.8.9 NASA policy is that the NASA Center OCFO or NSSC, notifying the Grant Officer, shall take action to either suspend or terminate a recipient's advance financing arrangement when:

- a. A recipient organization is unwilling or unable to establish a financial management system that meets the requirements of advance financing as evidenced by an audit report or failure to comply with NASA requirements.
- b. A recipient organization is unwilling or unable to report, on an accurate and timely basis, cash disbursements or cash balances as required by NASA. Advance financing shall be temporarily suspended when two successive quarterly reports are late or when two reports are late in a fiscal year.
- c. A recipient organization has demonstrated an unwillingness or inability to establish procedures that will minimize time elapsing between draw-downs and related disbursements.

D.8.10 Furthermore, a letter of credit arrangement may also be terminated for either of the following reasons:

- a. The business relationship between the Center and the recipient organization is completed or terminated (except when follow-on awards are expected to be authorized).
- b. The cognizant Center OCFO or NSSC determines progress is not satisfactory toward achievement of the cash management objective of the letter of credit method of financing.

D.8.11 Advance financing may be terminated if the recipient fails to correct a condition causing suspension within a reasonable period of time. Upon termination, the recipient organization shall finance its operations with its own working capital and be reimbursed by NASA. The Center will promptly notify the recipient in writing of the determination, the reasons for termination and the effective date.

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